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13 Attorneys for Estela D. Reed

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UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

PRINCIPAL LIFE INSURANCE )  
COMPANY, )  
Plaintiff, ) Case No. C-07-4915 CW  
vs. )  
VINA CUESTA STATUA, INOCENCIO )  
S. AMBE, CORAZON AMBE )  
CABALES, ESTELA D. REED, and )  
DOES 1-10, ) ESTELA D. REED'S  
Defendants. ) ANSWER TO COMPLAINT  
\_\_\_\_\_  
ESTELA D. REED, ) AND  
Cross-complainant, )  
vs. )  
VINA CUESTA STATUA, INOCENCIO )  
S. AMBE, and CORAZON AMBE )  
CABALES, )  
Cross-defendants. )  
\_\_\_\_\_  
ANSWER TO COMPLAINT AND CROSS-CLAIM BY REED

1 COMES NOW ESTELA D. REED (hereafter referred to as "Defendant" or  
2 "REED"), and answers the complaint filed as follows:

3 Jurisdiction and Venue

4 1. In answer to Paragraph 1 of the Complaint filed herein, defendant REED admits  
5 that the allegations of Paragraph 1, and thus subject matter jurisdiction is with this Court.

6 2. In answer to Paragraph 2 of the Complaint filed herein, defendant REED admits  
7 that the allegations of Paragraph 2, and thus subject matter jurisdiction and sufficient  
8 diversity.

9 3. In answer to Paragraph 3 of the Complaint filed herein, defendant REED admits  
10 the allegations of Paragraph 3.

11 4. In answer to Paragraph 4 of the Complaint filed herein, defendant REED admits  
12 the allegations of Paragraph 4.

13 5. In answer to Paragraph 5 of the Complaint filed herein, defendant REED admits  
14 the allegations of Paragraph 5.

15 6. In answer to Paragraph 6 of the Complaint filed herein, defendant REED admits  
16 the allegations of Paragraph 6.

17 7. In answer to Paragraph 7 of the Complaint filed herein, defendant REED admits  
18 the allegations of Paragraph 7, except that REED states that she is and has been referred to  
19 by the deceased as her cousin and has been known as her cousin but is not related by blood.

20 8. In answer to Paragraph 8 of the Complaint filed herein, defendant REED admits  
21 the allegations of Paragraph 8.

22 9. In answer to Paragraph 9 of the Complaint filed herein, defendant REED admits  
23 the allegations of Paragraph 9.

24 10. In answer to Paragraph 10 of the Complaint filed herein, defendant REED admits  
25 the allegations of Paragraph 10.

26 11. In answer to Paragraph 11 of the Complaint filed herein, defendant REED is  
27 without knowledge or information sufficient to form a belief as to the truth of the allegations

1 and therefore denies such allegations contained therein.

2 FIRST CLAIM FOR RELIEF

3 INTERPLEADER

4 12. In answer to Paragraph 12 of the Complaint filed herein, defendant  
5 REED incorporates by reference the responses contained in paragraphs 1 through 11 supra,  
6 as if fully set forth at length.

7 13. In answer to Paragraph 13 of the Complaint filed herein, defendant REED  
8 admits the allegations of Paragraph 13.

9 14. In answer to Paragraph 14 of the Complaint filed herein, defendant REED  
10 is without knowledge or information sufficient to form a belief as to the truth of the  
11 allegations and therefore denies such allegations contained therein.

12 15. In answer to Paragraph 15 of the Complaint filed herein, defendant REED  
13 is without knowledge or information sufficient to form a belief as to the truth of the  
14 allegations and therefore denies such allegations contained therein.

15 16. In answer to Paragraph 16 of the Complaint filed herein, defendant REED  
16 is without knowledge or information sufficient to form a belief as to the truth of the  
17 allegations and therefore denies such allegations contained therein.

18 17. In answer to Paragraph 17 of the Complaint filed herein, defendant REED  
19 is without knowledge or information sufficient to form a belief as to the truth of the  
20 allegations and therefore denies such allegations contained therein.

21 18. In answer to Paragraph 18 of the Complaint filed herein, defendant REED  
22 admits that on April 2, 2007 decedent Cuesta executed a change of beneficiary form  
23 changing to and designating ESTELA D. REED, as her cousin, 100% beneficial interest in  
24 the contract of insurance.

25 19. In answer to Paragraph 19 of the Complaint filed herein, defendant REED  
26 admits the allegations of Paragraph 19.

27 20. In answer to Paragraph 20 of the Complaint filed herein, defendant REED  
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1 admits the allegations of Paragraph 20.

2 21. In answer to Paragraph 21 of the Complaint filed herein, defendant REED  
3 is without knowledge or information sufficient to form a belief as to the truth of the  
4 allegations and therefore denies such allegations contained therein, except that defendant  
5 REED specifically denies the allegation that PRINCIPAL LIFE did not receive the change  
6 of beneficiary form dated April 2, 2007 until May 3, 2007 or thereafter. Except as  
7 specifically admitted, each and every other allegation is denied. Defendant REED  
8 specifically alleges that PRINCIPAL LIFE did, in fact, receive the change of beneficiary  
9 designation on April 4, 2007, before the death of Cuesta..

10 22. In answer to Paragraph 22 of the Complaint filed herein, defendant REED  
11 is without knowledge or information sufficient to form a belief as to the truth of the  
12 allegations and therefore denies such allegations contained therein.

13 23. In answer to Paragraph 23 of the Complaint filed herein, defendant REED is  
14 without knowledge or information sufficient to form a belief as to the truth of the allegations  
15 and therefore denies each and every allegation.

16 24. In answer to Paragraph 24 of the Complaint filed herein, defendant REED admits  
17 the allegations of Paragraph 24.

18 25. In answer to Paragraph 25 of the Complaint filed herein, defendant REED admits  
19 the allegations of Paragraph 25.

20 26. In answer to Paragraph 26 of the Complaint filed herein, defendant REED is  
21 without knowledge or information sufficient to form a belief as to the truth of the allegations  
22 and therefore denies each and every allegation.

23 27. In answer to Paragraph 27 of the Complaint filed herein, defendant REED is  
24 without knowledge or information sufficient to form a belief as to the truth of the allegations  
25 and therefore denies each and every allegation.

26 28. In answer to Paragraph 28 of the Complaint filed herein, defendant REED is  
27 without knowledge or information sufficient to form a belief as to the truth of the allegations  
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1 and therefore denies each and every allegation.

2 29. In answer to Paragraph 29 of the Complaint filed herein, defendant REED is  
3 without knowledge or information sufficient to form a belief as to the truth of the allegations  
4 and therefore denies each and every allegation.

5 30. In answer to Paragraph 30 of the Complaint filed herein, defendant REED is  
6 without knowledge or information sufficient to form a belief as to the truth of the allegations  
7 and therefore denies each and every allegation.

8 31. In answer to Paragraph 31 of the Complaint filed herein, defendant REED admits  
9 the allegations of Paragraph 31.

10 32. In answer to Paragraph 32 of the Complaint filed herein, defendant REED  
11 admits that there is a controversy relating to the potential claims relating to the proceeds from  
12 the insurance policy, and that defendant REED claims and is entitled to 100% interest in  
13 such proceeds. Except as admitted, defendant REED is without knowledge or information  
14 sufficient to form a belief as to the truth of the remaining allegations and therefore denies  
15 each and every remaining allegation.

16 33. In answer to Paragraph 33 of the Complaint filed herein, defendant REED is  
17 without knowledge or information sufficient to form a belief as to the truth of the allegations  
18 and therefore denies each and every allegation, except that defendant REED admits that she  
19 claims and is the 100% designated beneficiary of the policy at the date of the death of the  
20 insured as alleged in Paragraph 33(d) and thus claims entitlement to the 100% interest in the  
21 proceeds from such policy.

22 34. In answer to Paragraph 34 of the Complaint filed herein, defendant REED admits  
23 the allegations of Paragraph 34.

24 35. In answer to Paragraph 35 of the Complaint filed herein, defendant REED admits  
25 the allegations of Paragraph 35.

26 36. In answer to Paragraph 36 of the Complaint filed herein, defendant REED admits  
27 the allegations of Paragraph 36.

1       37. In answer to Paragraph 37 of the Complaint filed herein, defendant REED admits  
2 the allegations of Paragraph 37.

3       38. In answer to Paragraph 38 of the Complaint filed herein, defendant REED is  
4 without knowledge or information sufficient to form a belief as to the truth of the allegations  
5 and therefore denies each and every allegation, except that defendant REED denies that the  
6 plaintiff is entitled to any and all attorney fees and costs incurred in connection with the  
7 filing of the instant action, but only to the reasonable attorney fees and costs necessarily  
8 incurred in the instant action.

9       39. In answer to Paragraph 39 of the Complaint filed herein, defendant REED is  
10 without knowledge or information sufficient to form a belief as to the truth of the allegations  
11 and therefore denies each and every allegation.

12        40. In answer to Paragraph 40 of the Complaint filed herein, defendant REED is  
13 without knowledge or information sufficient to form a belief as to the truth of the allegations  
14 and therefore denies each and every allegation, except REED admits that the respective  
15 parties should be required to assert their respective claims in the instant action with respect  
16 to the claims to the life insurance policy insurance.

17       41. In answer to Paragraph 41 of the Complaint filed herein, defendant REED admits  
18 the allegations of Paragraph 41.

19       42. In answer to Paragraph 42 of the Complaint filed herein, defendant REED admits  
20 the allegations of Paragraph 42.

## SECOND CAUSE OF ACTION

## DECLARATORY RELIEF

23       43. In answer to Paragraph 43 of the Complaint filed herein, defendant REED  
24 incorporates by reference the responses contained in paragraphs 1 through 42 supra, as if  
25 fully set forth at length.

26        44. In answer to Paragraph 44 of the Complaint filed herein, defendant REED admits  
27 the allegations of Paragraph 44.

1           45. In answer to Paragraph 45 of the Complaint filed herein, defendant REED admits  
2 the allegations of Paragraph 45.

3           46. In answer to Paragraph 46 of the Complaint filed herein, defendant REED admits  
4 the allegations of Paragraph 46.

5        47. In answer to Paragraph 47 of the Complaint filed herein, defendant REED admits  
6 the allegations of Paragraph 47.

7 WHEREFORE, having replied and answered the allegations of the plaintiff, defendant  
8 REED prays judgment as follows:

9           1. That the Plaintiff be discharged of any and all obligations to the named  
10 defendants with respect to the payment of the proceeds of the life insurance policy, condition  
11 upon the deposit with the Clerk of the Court of the total proceeds of the life insurance policy;

12        2. That the defendants be required to assert their claims in the instant action, if any  
13 they have, to the interpled proceeds of the life insurance policy;

14           3. That the defendant ESTELA D. REED be declared the sole and rightful owner of  
15 100% of the proceeds of the life insurance policy and the funds on deposit with this Court;

16       4. That the defendant ESTELA D. REED be awarded her costs and attorney fees as  
17 may be allowed by law as and against the named co-defendants herein:

18       5. That the defendant ESTELA D. REED be granted other and further relief as the  
19 Court deems just and proper.

20 WHEREFORE, having replied and answered the allegations of the plaintiff, ESTELA  
21 D. REED, as a Cross-Claimant, states her Cross-Claim as follows:

## CROSS-CLAIM

23 COMES NOW ESTELA D. REED (hereafter referred to as "Cross-Claimant" or  
24 "REED"), and complains against VINA CUESTA STATUA, INOCENCIO  
25 S. AMBE, and CORAZON AMBE CABALES, and alleges:

26           1. PRINCIPAL LIFE INSURANCE COMPANY ("PRINCIPAL LIFE"), as an insurer,  
27 issued a life insurance policy on the life of Natividad A. Cuesta ("insured", "decedent" or "Cuesta")

1 which was originally insured under an adjustable life insurance policy, number 4346789, issued on  
2 December 17, 1993 for \$50,000.00 underwritten by PRINCIPAL LIFE (hereafter referred to as the  
3 "contract"). The contract of insurance was between Cuesta and PRINCIPAL LIFE, and pursuant  
4 to the terms of the contract, Cuesta, in consideration for the premium paid and other valuable  
5 consideration, received the benefit of the exclusive right to designate the beneficiary under the  
6 contract upon her death by completing and providing the insurer PRINCIPAL LIFE a designation  
7 of beneficiary such that, upon her death, the payments of the proceeds of the insurance was to be paid  
8 directly by PRINCIPAL LIFE to the last designated beneficiary under the contract.

9       2. On April 8, 2007, decedent Cuesta died from cancer.

10       3. As of the date of death and prior to her death, and specifically on April 2, 2007,  
11 decedent Cuesta, being of sound mind and acting of free choice and consistent with her  
12 contractual rights pursuant to the December 17, 1993 contract with PRINCIPAL LIFE,  
13 executed a valid designation of beneficiary under the terms of the life insurance policy,  
14 whereby REED was duly designated 100% beneficiary holder of the life issuance. At the  
15 time of Cuesta's death on April 8, 2007, REED was, and is, entitled to 100% of the proceeds  
16 from the life insurance policy. A true copy of the beneficiary designation duly and validly  
17 executed by Cuesta as furnished to PRINCIPAL LIFE and/or its designated agent is attached  
18 hereto as **Exhibit A**.

19       4. PRINCIPAL LIFE has been presented multiple claims for the proceeds, and on  
20 September 21, 2007, deposited the proceeds of the life insurance policy with the Clerk of the  
21 United States District Court for the Northern District of California, and file the instant  
22 interpleader action with respect to such proceeds.

23       5. REED is informed and believes that Cross-defendants, and each of them, has  
24 presented and claimed an interest in the life insurance proceeds.

25       6. REED is informed and believes, and thereupon alleges, that she is the sole and  
26 100% owner of the interpled funds and the proceeds of the life insurance policy, as  
27 represented by the final and last designation of beneficiary executed by the deceased Cuesta,  
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1 a copy of which is attached hereto as Exhibit A. Accordingly, REED is the owner of any  
 2 and all rights and entitlement to such funds on deposit with the Court representing the  
 3 proceeds from the life insurance policy, and REED's claim is superior to the Cross-  
 4 defendants and to the exclusion of Cross-defendants, and each of them.

5       7. As to any claim of any beneficial interest in the proceeds of the life insurance  
 6 policy and as to the cross-defendants herein, REED is the sole and exclusive beneficiary of  
 7 the life insurance contract as designated by Cuesta under the December 17, 1993 contract,  
 8 without regard to any subsequent legislative statutes of the State of California in that such  
 9 was a "contract" right held by Cuesta, and any subsequent legislative statutes which alters  
 10 or infringes upon such contract right is void with respect to the instant September 17, 1993  
 11 contract in that:

12       A. The contract right held by Cuesta to change contractually the designated  
 13 beneficiary was an essential terms of the contract which was established on December 17,  
 14 1993, and any statue which made by the State of California which impinges upon, infringes  
 15 upon, or interferes with such constitutional protected contract right passed after September  
 16 17, 1993 is an "ex post facto law" which is invalid and unconstitutional pursuant to the  
 17 *California Constitution, Article 1, Section 9* and the *United States Constitution, Article 1,*  
 18 *Section 10, Clause 1.*

19       B. The right to contract by Cuesta in making the 1993 contract is an inalienable right  
 20 in acquiring, possessing and securing property, and is a private right which is guaranteed by  
 21 the *California Constitution, Article 1, Section 1.* In addition thereto, any statute of the State  
 22 of California which deprives her of this contract right and property right is void and  
 23 unconstitutional by virtue of the California Constitution, Article 1, Section 7, and the *Fifth,*  
 24 the *Ninth and the Fourteenth Amendment of the United States Constitution.*

25       C. Any statute passed by the State of California which tends to deny Cuesta, being  
 26 of sound mind, the contractual right to designate the beneficiary under the December 17,  
 27 1993 policy based upon any physical disability requiring the need of any care or assistance,

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1 if any, for physical needs and special requirements of care is patently and unconstitutionally  
2 void in that such statute would deny her as a citizen the equal protection of the law based  
3 upon her physical disability. Any statute which imposes any additional burden upon the  
4 citizens, such as Cuesta, based upon any physical disability is unconstitutional and void as  
5 denying such citizens the equal protection of the law, and is void by virtue of the *Section 1*  
6 *of the Fourteenth Amendment to the United States Constitution.*

7 D. Any statute passed by the State of California which tends to burden, infringe  
8 upon, or tends to deny REED the contractual right to the benefits of the insurance policy is  
9 unconstitutional and constitutes a violation of the *Fifth*, the *Ninth* and *Fourteenth*  
10 *Amendment of the United States Constitution.*

11 WHEREFORE, Cross-Claimant prays judgment as follows:

12 1. That Cross-Claimant ESTALA D. REED be awarded the entire sum of funds now  
13 on deposit with the Clerk of the Court representing the net proceeds of the life insurance  
14 policy;

15 2. That Cross-Claimant ESTALA D. REED be awarded her costs and attorney fees  
16 as allowed by law;

17 3. That the Cross-defendants, and each of them, take nothing; and

18 4. That Cross-Claimant be awarded such other and further relief as may be  
19 appropriate and just.

20 Date: December 3, 2007

DAY LAW OFFICES and  
LAW OFFICES OF LAURA R. SPEASE

21 /s/ Montie S. Day

22 BY: \_\_\_\_\_

23 Montie S. Day, Attorney for  
Estela D. Reed

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## Certificate of Service

I, Montie S. Day, state that the following described documents were served on the below listed parties and/or attorney in the manner set forth below:

Documents Served: ANSWER TO COMPLAINT BY ESTELA D. REED and CROSS-CLAIM BY ESTELA D. REED

by serving electronically the following automatically upon filing by ECF procedures

Michael K. Brisbin

michael.brisbin@wilsonelser.com, joya.yeung@wilsonelser.com

## Adrienne Clare Publicover

Adrienne.PUBLICOVER@WilsonElser.com, Nancy.LI@WilsonElser.com, Charan.HIGBEE@WilsonElser.com

## Montie S. Day

Oyad@aol.com

Daniel J. DeVries

DJDV@DeVriesLawGroup.com, jma@devrieslawgroup.com, cbj@devrieslawgroup.com

and by serving the following parties who may have an interest in the pending motion by mailing such notice addressed as follows (if not served electronically as above):

Corazon Ambe Cabales  
14323 Merced Street  
San Leandro, CA 94579  
Defendant

I declare under the penalties of perjury that the foregoing is true and correct, and that I have executed this certificate on December 3, 2007 at Williams, California 95987.

/s/ Montie S. Day

Montie S. Day, Attorney